

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

WILLIAM A. SMITH,

Defendant.

Case No. 24-cv-
Hon.

Filed Under Seal

**AFFIDAVIT IN SUPPORT OF
A TEMPORARY RESTRAINING ORDER**

I, Timothy Hoff, being first duly sworn, hereby depose and state as follows:

INTRODUCTION AND AGENT BACKGROUND

1. I make this affidavit in support of the Government's Emergency *Ex Parte* Motion for a Temporary Restraining Order and Order to Show Cause.

2. I am a Special Agent with the Federal Bureau of Investigation (FBI) and have been since March 7, 2004. Since approximately 2011, I have been assigned to the Detroit Field Office's Complex Financial Crimes (commonly referred to as white collar crime) squad. During my tenure, I have investigated federal crimes including mail and wire fraud, racketeering, money laundering, bank fraud, and conspiracies to commit those offenses. In addition to new agent training at the FBI Academy, I have attended conferences and seminars on

complex financial crimes and health care fraud. I have also presented on financial crimes matters at conferences held by private industry and by the Executive Office of the United States Attorney in Washington, D.C. I have been the affiant on numerous criminal complaints and search warrants involving financial fraud schemes.

3. This affidavit is intended to provide sufficient evidence to obtain the injunctive relief requested in the Government's Emergency Motion, and does not set forth all of my knowledge about this matter. The information stated below is based upon my personal observations as well as information received from other special agents of the FBI, the Michigan State Police, and other reliable sources.

4. All events referenced in this affidavit are alleged to have occurred on or about the date specified.

UNDERLYING FRAUD AND LIKELY MONEY LAUNDERING

5. Smith's fraud scheme, as recounted in the criminal complaint (24-mc-30217) and civil complaint in this matter, involved electronic transfers of approximately \$39.3 million, in violation of 18 U.S.C. §§ 1343 (Wire Fraud) and 18 U.S.C. § 1344 (Bank Fraud).

6. Those allegations will not be repeated here, other than to summarize the high likelihood of multiple money laundering violations.

7. As previously described, Smith has used the proceeds of his fraud to,

inter alia, pay for interior design renovations, airline tickets, hotels, limousines, household goods, lawn care, clothing, and jewelry. This is reflected in Smith using Conservancy funds—for example—to pay approximately \$14.9 million in American Express credit card bills from 2012 to 2024. Each of these transactions commingled the proceeds of his offenses with other property that he purchased before and during the criminal activity, transforming victim funds into individual assets, and concealing the nature, location, source, ownership, and control of his fraud proceeds.

8. Furthermore, many of these individual transactions involved more than \$10,000 in fraud proceeds, and Smith has likely engaged in numerous such transactions with the \$39.3 million.

9. Thus, Smith appears to have knowingly conducted transactions using the proceeds of his fraud in transactions designed to conceal the nature, location, source, ownership, and control of those proceeds, in violation of Title 18 United States Code § 1956. Furthermore, Smith also appears to have knowingly conducted transactions involving property of a value greater than \$10,000 derived from fraud, in violation of Title 18 United States Code § 1957.

10. For example, on September 1, 2016, Smith wired \$85,000 in Conservancy funds to The Joseph Group, and another \$87,500 on September 15, 2016. On September 2, 2016, Smith transferred \$65,000 from The Joseph Group

account to the First Round Management account. On September 15, 2016, Smith transferred \$70,000 from The Joseph Group Account to the First Round Management account. Based upon my training and experience, I know that the movement of funds obtained from unlawful activity through multiple accounts is a technique used in money laundering.

ONGOING DISSIPATION OF LIKELY CRIMINAL PROCEEDS

11. Although investigation is ongoing, it appears that Smith has used the millions he defrauded from the Conservancy and Citizens Bank—along with a more limited amount of his own funds—to amass and/or improve a substantial amount of real property in the states of Michigan (including Northville, Redford, Detroit, and Idlewild), Texas, Georgia, and the country of Mexico. His efforts are facilitated by numerous LLCs under his direction and control.

12. Smith had notice that his conduct was being discovered months ago, when the Conservancy became concerned about the bookkeeping and requested additional explanations of sources and uses of Conservancy funds from Smith. Before the federal government even became involved, Smith was told that the case was being referred to law enforcement.

13. FBI investigation reveals that Smith is engaging in an ongoing effort to transfer assets that would otherwise be available to repay his victims.

14. **Georgia Home for sale:** Smith controls a property at 2087 Holtz Ln.,

Atlanta, GA, which as of June 12, 2024, is listed for sale at a price of \$799,900. He purchased the property in his own name on November 9, 2020, for \$665,002.00, and on November 20, 2020, transferred the property by quit claim deed to YBE Investments, LLC, an entity under his control. Ex. 1. According to a Zillow listing page,¹ the house has been listed for sale since May 28, 2024, less than 2 weeks after Smith was placed on unpaid leave.

15. **Mexico condo for sale:** Smith also appears to control a two-bedroom, two-bathroom condominium in Mexico that is listed for sale. A document dated November 3, 2021, located in Smith's office at the Conservancy, shows Smith, on behalf of Alter Ego Properties, LLC, granting a power of attorney to an individual named Sharah Rose, limited to a condominium unit at Pedregal One 203, in Los Cabos, Baja California Sur, Mexico. Ex. 2. As of June 12, 2024, the condominium was listed for sale with a price of \$385,000 according to two public websites (the second of which now says that the "Status" is "CLOSED" while the first still lists the property for sale as of June 21, 2024).² A review of available records indicates

¹ https://www.zillow.com/homedetails/2087-Holtz-Ln-NW-Atlanta-GA-30318/2082894034_zpid/

² See <https://www.point2homes.com/MX/Home-For-Sale/Baja-California-Sur/Los-Cabos/Cabo-San-Lucas-Pacific-Side/Pedregal-One-203/155195689.html>; and

that the condo was likely built in 2021 or later.

16. **36' Yacht for sale:** FBI investigation has also revealed that Smith owns a yacht that he has recently attempted to sell. The yacht in question is a 2021, 36-foot Cruisers 35 Express, with hull number CRSEC214B021, named the "SS DUO." State of Michigan records reflect that Smith purchased the watercraft on May 21, 2021. On June 6, 2024, contact was made with the attorney for the entity that originally sold the boat to Smith, who advised that the listing to sell the boat recently expired, but that it would not be extended because of the notoriety related to Smith. The vessel was listed for sale recently this year, during the period that Smith had notice of potential criminal and civil liability. Similar yachts appear to be listed for sale online at prices ranging from \$300,000 to \$375,000. The yacht is believed to be dry docked at a Detroit area marina.

17. Given that Smith obtained \$39.3 million in fraud proceeds over 12 years, while making less than \$2 million total in that timeframe from his Conservancy salary³, and his pattern of transferring criminal proceeds to LLCs in

<https://for-sale.ownincabo.com/idx/details/listing/b349/23-4597/Cabo-San-Lucas-BS-23450?widgetReferer=true>

³ According to IRS Form 990 filings made by the Conservancy, Smith's salary was \$135,507 in 2015 and gradually increased to \$192,175 in 2021 (the most recent

his control or spending them on his own pursuits, the United States alleges that Smith obtained or improved the great majority of his numerous assets with fraud proceeds. This is particularly obvious in the case of the Georgia home, the Mexico condo, and the Cruisers 35 Express yacht, in that these are high-value luxury assets purchased during the fraud period.

18. If Smith succeeds in his active efforts to sell the Georgia home, Mexico condo, or yacht, the corresponding monetary transaction would be a criminal violation of 18 U.S.C. § 1957, if they constitute transactions exceeding \$10,000 in criminally derived property.

19. **Recent Transfer of Marital Home:** In May, Smith purported to transfer his longtime marital residence at 25307 Ross Drive, Redford, MI 48239. Although not currently his primary residence, William Smith has owned the home since 2003 with his wife, Kimberly Smith, via warranty deed. But on May 6, 2024, Smith and his wife purported to transfer the property by quit-claim deed to Ross Drive, LLC, for the sum of \$10.00 dollars. Ex. 3. The deed lists Kimberly Smith as the “Sole Member” of Ross Drive LLC, however the mailing address for Ross Drive LLC is the same UPS Store mailbox used by Smith’s other entities

year available). Therefore, I estimate that Smith’s total compensation from the Conservance was approximately \$1.92 million during that period.

including The Joseph Group and First Round Management. *Id.*

20. **Recent Transfer of Detroit Properties:** On April 23, 2024, Smith purported to transfer the real property at 16510 Biltmore Street, Detroit, MI, from “William Anthony Smith” to “William Smith III” for the sum of \$10.00, by quit claim deed. The quit claim deed was witnessed by the same individuals who witnessed to the deed purporting to convey 25307 Ross Drive to Ross Drive LLC, including Rashad Reeves. **Ex. 4.** As of June 9, 2024, public real estate websites estimate the true value of the home between \$93,600 and \$114,000.⁴ The quit claim deed was recorded May 21, 2024, four days after the Conservancy placed Smith on unpaid leave. In addition, on that same day (April 23, 2024), Smith purported to transfer the real property at 16527 Biltmore Street, Detroit, Mi, from YBE Property Group LLC to You Services, LLC with Darrell Greer as Managing Member for the sum of \$35,000, by quit claim deed. This transaction was also witnessed by Rashad Reeves. **Ex. 14.** As of June 21, 2024, Redfin estimates the true value of the home as \$79,939.⁵

⁴ https://www.realtor.com/realestateandhomes-detail/16510-Biltmore-St_Detroit_MI_48235_M43371-15535 (\$114,000); https://www.zillow.com/homedetails/16510-Biltmore-St-Detroit-MI-48235/88570438_zpid/ (\$93,600).

⁵ <https://www.redfin.com/MI/Detroit/16527-Biltmore-St-48235/home/98538138>

21. At this stage of the ongoing investigation, the FBI has identified the following assets (excluding financial/ monetary accounts) in which Smith has an interest or recently purported to convey:

- a) TWO (2) 2021 CAN-AM MOTORCYCLES
- b) ONE (1) 2021 36' CRUISERS 35 EXPRESS YACHT
- c) 880 E. M.L. KING DR., IDLEWILD, MI. Ex. 5
- d) 1977 WOODBRIDGE, DETROIT, MI. Ex. 6.
- e) 2087 HOLTZ LANE, ATLANTA, GA 30318-9304 Ex. 1.
- f) 6405 PENROD, DETROIT, MI. Ex. 7.
- g) 11739 HEYDEN, DETROIT, MI. Ex. 8.
- h) 11914 DEEPWATER RIDGE WAY, CYPRESS, TX 77433. Ex. 9.
- i) 12709 CLOVERLAWN, DETROIT, MI. Ex. 10.
- j) 14026 MARK TWAIN, DETROIT, MI. Ex. 11.
- k) 15791 MURRAY HILL, DETROIT, MI. Ex. 12.
- l) 16500 BILTMORE, DETROIT, MI. Ex. 13.
- m) 16510 BILTMORE, DETROIT, MI. Ex. 4.
- n) 16527 BILTMORE, DETROIT, MI. Ex. 14.
- o) 16700 BILTMORE, DETROIT, MI. Ex. 15.
- p) 16717 RUTHERFORD, DETROIT, MI. Ex. 16.
- q) 17125 W. MCNICHOLS, DETROIT, MI. Ex. 17.
- r) 17207 W. MCNICHOLS, DETROIT, MI. Ex. 18.
- s) 18901 W. MCNICHOLS, DETROIT, MI. Ex. 19.
- t) 18921 W. MCNICHOLS, DETROIT, MI. Ex. 20.
- u) 21291 EQUESTRIAN, NORTHVILLE, MI. Ex. 21.
- v) PEDREGAL ONE CONDOMINIUMS, UNIT 203, LOS CABOS, BAJA CALIFORNIA SUR, MEXICO. Ex. 2.
- w) 18966 SUSSEX, DETROIT MI 48235. Ex. 22.

See Exhibits 1-22. Each Exhibit contains records related to a different asset.

CORPORATE ENTITY FACTS

22. Based upon the investigative findings referenced throughout this affidavit, your affiant has learned that William Smith established a number of Limited Liability Corporations through the States of Michigan, Wyoming and Georgia, which the subject may have utilized to further his criminal endeavors and/or conceal the true ownership of business and real property purchased with criminal proceeds.

23. Inquiries conducted through the State of Michigan, Department of Licensing and Regulatory Affairs (LARA), established Smith's proprietary control over the following entities through his involvement in their formation and their subsequent administration (with the possible exception of Ross Drive, LLC):

A. Biltmore Development Group, LLC (ID 802303550) was established by William Smith on March 26, 2019. Within the Articles of Organization for this entity, Smith is identified as the organizer/resident agent and sole officer, claiming 16510 Biltmore Street, Detroit, MI as an address of record. On February 28, 2023, Smith submitted documentation, designated Geaneen Arends as the resident agent and transferred the address of record to 150 West Jefferson Ave, Suite 100, Detroit, MI. On April 27, 2023, Smith utilized Biltmore Development Group, LLC in the purchase of 1977 Woodbridge St., Detroit, MI, for at least \$2,400,000.00. On June 6, 2024, Geaneen Arends resigned as resident agent without naming a successor or designating any other officer to represent this entity. *See Exhibit 23.*

B. Biltmore Records, LLC (ID 802057009) was established by William Smith on December 1, 2016. Within the Articles of Organization for this entity, Smith

is identified as the resident agent and sole officer, listing 16510 Biltmore Street, Detroit, MI as the address of record. On February 28, 2023, Smith designated Geaneen Arends as the new resident agent and transferred the address of record to 150 West Jefferson Ave, Suite 100, Detroit, MI. On June 6, 2024, Geaneen Arends resigned as resident agent without naming a successor or designating any other officer to represent this entity. *See Exhibit 24.*

C. Bleu Rose Investments, LLC (ID 802599775) was established by William Smith on February 1, 2021. Within the Articles of Organization, Smith is identified as the organizer, listing 16510 Biltmore Street, Detroit, MI as an address of record. Registered Agents, Inc., is identified as the Registered Agent. On February 28, 2023, Smith designated Geaneen Arends as the new resident agent and transferred the address of record to 150 West Jefferson Ave, Suite 100, Detroit, MI. On June 6, 2024, Geaneen Arends resigned as resident agent without naming a successor or designating any other officer to represent this entity. Your affiant is aware that Bleu Rose Investments, LLC, has received accreditation by the State of Michigan to own/operate a marijuana dispensary. *See Exhibit 25.*

D. First Round Management, LLC (ID 801263885) was established by William Smith on February 2, 2004. Within the Articles of Organization for this entity, Smith is identified as the resident agent and sole officer, listing 33006 Seven Mile Road, #192, Livonia, MI as the address of record. On February 28, 2023, Smith designated Geaneen Arends as the new resident agent and transferred the address of record to 150 West Jefferson Ave, Suite 100, Detroit, MI. On June 6, 2024, Geaneen Arends resigned as resident agent, leaving no apparent resident agent or any other officer for this entity on record with the State of Michigan. *See Exhibit 26.*

E. The YBE Group, LLC (ID 801204298) was established by William Smith on April 15, 2002. Within the Articles of Organization for this entity, Smith is identified as the resident agent and sole officer, listing 33006 Seven Mile Road, #172, Livonia, MI as the address of record. On February 28, 2023, Smith, designated Geaneen Arends as the resident agent and transferred the address of

record to 150 West Jefferson Ave, Suite 100, Detroit, MI. On June 6, 2024, Geaneen Arends resigned as resident agent, leaving no apparent resident agent or any other officer for this entity on record with the State of Michigan. Your affiant is aware that on or about December 5, 2014, Smith utilized The YBE Group, LLC to purchase 16551 Biltmore Street, Detroit, MI, via Quit Claim for an unspecified sum. *See Exhibit 27.*

F. YBE Food Group, LLC (ID 801731996) was established by William Smith on October 31, 2013. Within the Articles of Organization for this entity, Smith is identified as the resident agent and sole officer, listing 33006 Seven Mile Road, Suite 172, Livonia, MI, as the address of record. On February 28, 2023, Smith, designated Geaneen Arends as the resident agent and transferred the address of record to 150 West Jefferson Ave, Suite 100, Detroit, MI. On June 6, 2024, Geaneen Arends resigned as resident agent, leaving no apparent Resident Agent or any other officer for this entity on record with the State of Michigan. Further investigation into this entity revealed that Smith utilized this entity in the acquisition/development of Duo Restaurant & Lounge, located at 29555 Northwestern Hwy, Southfield, MI. *See Exhibit 28.*

G. YBE Services Group, LLC (ID 801836054) was established by William Smith on July 14, 2015. Within the Articles of Organization for this entity, Smith is identified as the resident agent and sole officer, listing 16510 Biltmore Street, Detroit, MI as the address of record. On February 2, 2023, Smith designated Registered Agent Solutions, Inc., as the new resident agent. On February 28, 2023, Smith named Geaneen Arends as the resident agent and transferred the address of record to 150 West Jefferson Ave, Suite 100, Detroit, MI. On June 6, 2024, Geaneen Arends resigned as resident agent, leaving no apparent resident agent or any other officer for this entity on record with the State of Michigan. *See Exhibit 29.*

H. YBE Tobacco Group, LLC (ID 802260622) was established by William Smith on November 30, 2018. Within the Articles of Organization for this entity, Smith is identified as the resident agent and sole officer, listing 33006 Seven Mile Road, Suite 172, Livonia, MI as the address of record. On February

28, 2023, Smith designated Geaneen Arends as the resident agent and transferred the address of record to 150 West Jefferson Ave, Suite 100, Detroit, MI. On June 6, 2024, Geaneen Arends resigned as resident agent, leaving no apparent resident agent or any other officer on record with the State of Michigan for this entity. Further investigations into this entity revealed that Smith has used YBE Tobacco Group, LLC to obtain a \$600,000.00 future advance mortgage from Detroit Investment Fund LP, in conjunction with his purchase of 1977 Woodbridge St., Detroit, MI, under YBE Development Group, LLC (referenced above). Your affiant is further aware that before his arrest, Smith had intended to build and operate a cigar lounge at this location, 1977 Woodbridge St., Detroit, MI. *See Exhibit 30.*

I. Biltmore Publishing Group, LLC (ID 802057075) was established by William Smith on December 1, 2016. Within the Articles of Organization for this entity, Smith is identified as the resident agent and sole officer, claiming 16510 Biltmore Street, Detroit, MI as the address of record. On April 21, 2022, Smith filed the last annual report for this entity. No further documentation has been submitted by Smith or any other officer on behalf of this entity. *See Exhibit 31.*

J. 48235 Properties, LLC (ID 802397655) was established by William Smith on December 24, 2019. Smith is listed as the Resident Agent and sole officer for this entity, claiming 16510 Biltmore Street, Detroit, MI as the address of record. No further documentation has been submitted by Smith or any other officer on behalf of this entity. *See Exhibit 33.* Your affiant is aware that Smith utilized 48235 Properties, LLS to purchase 18966 Sussex Street, Detroit, MI, on or about October 4, 2022. *See Exhibit 32.*

L. Biltmore Entertainment Group, LLC (802057079) was established by William Smith on December 1, 2016. Within the Articles of Organization Smith is identified as the resident agent and sole officer for this entity, listing 16510 Biltmore Street, Detroit, MI as the address of record. On April 21, 2022, Smith filed the last Annual Report for this entity. No further documentation has been submitted by Smith or any other officer on behalf of this entity. *See Exhibit 33.*

M. The Joseph Group & Associates, LLC (ID 801685096) was established by William Smith on October 5, 2012. Within the Articles of Organization for this entity Smith is identified as the resident agent and sole officer for this entity, listing 33006 Seven Mile Road, Suite 192, Livonia, MI as the address of record. Between the years 2012 through 2017, Smith continued to submit regular Annual Reports with respect to this entity. However, after 2017, this entity appears to have gone into an inactive status. On April 18, 2022, Smith filed a Certificate of Restoration of Good Standing, along with the delinquent Annual Reports covering the years 2018 through 2022. Following the 2022 filings, there were no additional submissions made on behalf of this entity by Smith or any other officer representing The Joseph Group & Associates, LLC. *See Exhibit 34.*

N. William Smith & Associates (ID 801168319) was established by William Smith on February 21, 2001. Within the Articles of Organization, Smith is identified as the resident agent and sole officer, listing 33006 Seven Mile Road, #172, Livonia, MI. A review of annual filing submitted by Smith indicated that between 2001 through 2022, this entity entered periods of dormancy. On October 7, 2013, and April 17, 2022, Smith submitted separate Certificates of Restoration of Good Standing forms, along with the corresponding delinquent Annual Reports in order to reactivate this entity. However, after, the April 2022 filing, there have been no further submissions made to the State of Michigan on behalf of William Smith & Associates, LLC, by Smith or any other officer representing this entity. *See Exhibit 35.*

O. Ross Drive, LLC (ID 803205361) was established by William Smith's wife, Kimberly Smith, on April 23, 2024. Kimberly Smith is identified as the organizer, listing 33006 West Seven Mile Road, Suite 192, Livonia, MI, as the address of record. Records obtained from The UPS Store showed that William Smith controls mailbox 192 at 33006 West Seven Mile Road. Smith has used this address for multiple business entities including First Round Management and The Joseph Group & Associates discussed above. Your affiant is aware that that on May 6, 2024, William and Kimberly Smith purported to transfer ownership of 25307 Ross Drive, Redford, MI to Ross Drive, LLC, via Quit Claim Deed for \$10.00. *See Exhibit 36.*

P. YBE Property Group, LLC (ID 801836055) was established by William Smith on July 14, 2015. Within the Articles of Organization, Smith is identified as the registered agent, listing 16510 Biltmore Street, Detroit, MI as the address of record. On February 28, 2023, Smith designated Geaneen Arends as the Resident Agent and transferred the address of record to 150 West Jefferson Ave, Suite 100, Detroit, MI. On June 6, 2024, Geaneen Arends resigned as Resident Agent, leaving no apparent Resident Agent or any other officer affiliated with this entity on record with the state of Michigan. Your affiant is aware that Smith utilized YBE Property Group, LLC in the November 10, 2015, acquisition of 17125 W. McNichols Road, Detroit, MI. *See Exhibit 37.*

3. Inquiries made through the State of Georgia, Secretary of State, Corporation Division, established Smith's proprietary control over the following entity through his involvement in its formation and subsequent administration:

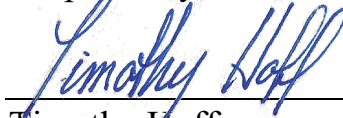
A. **YBE Investments, LLC (Control 20219569)** Inquiries made through the Georgia Corporations Division revealed that on November 9, 2020, a Domestic Limited Liability Company in the name of YBE Investments was established by Dana M. Smith-Gray (Organizer). On February 23, 2021, a supplemental Annual Report was filed by William Smith (manager), listing 2087 Holtz Lane, Atlanta, GA as the address of record. On January 1, 2023, an Amended Annual Registration was submitted, naming William Smith as the resident agent and Sharah Rose as an authorized signer. Subsequent real property checks conducted through Fulton County Georgia, revealed that on November 9, 2020 Williams Smith purchased a condominium unit located at 2087 Holtz Lane, Atlanta, GA, for \$665,002.00. On November 20, 2020, Smith Quit Claimed the subject property to YBE Investments, LLC. *See Exhibit 38.*

4. Inquiries were conducted through the State of Wyoming, Secretary of State, Corporation Division, established Smith's proprietary control over the

following entity through his involvement in its maintenance and subsequent administration:

A. Alter Ego Properties, LLC (ID 2020-000917268): Inquiries made through the State of Wyoming revealed that on May 16, 2020, a Domestic Limited Liability Company was established in the name of Alter Ego Properties, LLC, by Sharah Rose, who is identified as the resident agent, listing 30 North Gould Street, Sheridan, WY as the address of record. A review of subsequent Annual Reports submitted during 2022 and 2023, revealed that Sharah Rose continued to act as the resident agent for this entity. However, in the 2024 Annual Report, William Smith is identified as the officer/signer responsible for the submission of the most recent state of Wyoming filing. Your affiant is aware that in 2021 Smith acted on behalf of Alter Ego Properties, LLC to give power of attorney to Sharah Rose regarding a Mexico-based condominium, with an address believed to be Pedregal One Condominiums, Unit 203, Los Cabos, Baja California Sur, Mexico. *See Exhibit 39.*

Respectfully submitted,



Timothy Hoff
Special Agent
Federal Bureau of Investigation